



**Financial Management Systems Improvement Council  
Meeting Notes  
Hyatt Regency Bethesda  
Bethesda, MD  
July 27, 2004**

Attendees: Bonnie Apodaca-SNL, Tom Baranouskas-PNNL, *Mike Bartos-ANL*, Jim Campbell-DOE HQ, Bruce Chrisman-Fermilab, *Lee Elster-LLNL*, *Nancy Fitchpatrick-DOE OR*, *Jim Herring-LANL*, *Brian Morishita-INEEL*, *Dean Olson-DOE HQ*, Ron Ragland-BWXT Y12,

Guests: Marty Conger, Nikki Grover, *Mark Israel-BNL*, *Jeanne Kissel-LLNL*, Robert Meyers-DOE HQ, Nancy Padgett-WSRC, *Linda Rakow-LLNL*

Not present: Dan Becker-WSRC, Paul Keele-DOE ID, Paul Rosenkoetter-INEEL, Brian Sack-BNL,

**Jim Campbell**

- Organizational Changes. Susan Grant is still awaiting confirmation as DOE's Chief Financial Officer. Several personnel changes have occurred including the resignation of Jesse Roberson. Janet Garber is now director of Office of Program Analysis and Evaluation. Gwen Cowen, Director of the Office of Procurement and Assistance Policy, retired as well as Steve Smith, Director of Office of Management Communications. John Newell will now handle the audit coordination with the GAO and IG offices and also will be responsible for the annual performance and accountability. George Tengan, Deputy Director of the Capital Accounting Center will be retiring the end of July. Dr. Bruce Carnes is now the Chief Acquisition Officer and Jim Rispoli has been elevated to a chief officer position within Real Property Management organization. Site closure activities will be coordinated through a new office established in Cincinnati, OH.
- President's Management Agenda (PMA). See scorecard at:  
<http://www.results.gov/agenda/20040630scorecard.pdf>



A copy of the scorecard was handed out. DOE remains, in terms of the PMA scoring, at the forefront among the agencies being rated. To make additional progress, DOE must place emphasis in the following areas: Human Capital – Move all DOE employees to a multi level performance management system. Competitive Sourcing – Preparatory work is being conducted to determine if a good business case is in place to study certain functional areas for the DOE Management Council. Financial Performance – Must get financial statements out on time and this includes getting quarterly statements out within 21 days after the end of the quarter and the financial statements and annual accountability report must be completed by November 15. Utilization of financial information for management and decision making is also part of the commitment to the PMA. E-Gov – All system initiatives must be within 90% of cost/schedule and having all IT project managers certified. Budget/Performance Integration – Reliance upon benchmarks mentioned during previous FMSIC meeting. All organizations are evaluated quarterly to determine progress made. On real property management DOE was red as was all of the other agencies. Baseline assessment included property characteristics of 10,334 office buildings, 5880 other structures and facilities, 127M square feet of building space, 1387 trailers, and 803,108 acres of land.

- STARS Project. Jim will not approve the STARS Project going live on October 1, 2004 unless he feels confident with it based upon the input from several areas. There are 1022 scenarios that need to be tested, and, to date, 751 have been tested with 50 considered problematic. 271 scenarios still need to be tested. There will be tighter controls in Oracle than the current system offers.
- It was asked why KPMG seems to change their auditing criteria every year. The response was that as they became more familiar with DOE's business, different questions evolve from their expanding knowledge. The IG has begun auditing information technology support services contracts at operating contractors. Jim Campbell will provide more information to the Council members if it is available.
- Sarbanes Oxley. The IG's office is currently examining the applicability of the rules of this law to DOE, particularly at the urging of the GAO.

### **Jim Herring**

- IGPP. A letter with Jim Herring's signature on it was sent to HQ recommending a threshold increase to \$10M. This would provide for both new facilities and site upgrade projects related to existing infrastructure. After meeting with Jim Rispoli of the Office of Engineering and Construction Management (OECM), a threshold of \$7.5M for GPP was proposed by Dean Olson's office, and the recommendation is now being reviewed by Jim Rispoli who prefers a \$6.5M amount and lifting of the DOE Order 413.3 requirements. Jim Campbell will follow-up and come to resolution with a small group to include Bruce Scott, Jim Rispoli, and Ted Yates. Their discussions will include the cap, IGPP carryover DOE and 413 issues.



IGPE. The IGPE pilot within NNSA continues. The priority should be on IGPP even though they are similar. *A meeting is scheduled next with Jim Campbell and Jim Rispoli to discuss GPP and IGPP.*

Capitalization. Need additional justification to increase from \$25K to \$50K. The survey that was conducted among the contractors was received by HQ, but additional information from the field offices is needed. There is also a need to understand what this proposed change would do to field offices.

#### **Marty Conger**

- Should FMSIC have an accounting working group look at the carryover related issues? It was decided to defer action on this item until at least the next meeting. A draft GAO report on the Oak Ridge usage of third party financing is available.

#### **Chris Simpson and Warren Huffer**

- STARS. See presentation file under FMSIC Meeting Notes, July 27, 2004, Bethesda, MD at: <http://info.inel.gov/fmsic/meetnots.htm>

#### **Bonnie Apodaca**

- FMSIC Capital Equipment Working Group. See presentation file under FMSIC Meeting Notes, July 27, 2004, Bethesda, MD at: <http://info.inel.gov/fmsic/meetnots.htm>  
A capital equipment survey will be sent to all of the contractors to obtain data so that the working group can conclude their study in time for the November FMSIC meeting. *The revised requested response date of the survey is 09/10/04. Jim H. and Brian M. will follow-up to see how the survey is progressing.*

#### **Nancy Fitchpatrick**

- Invoicing DOE. See presentation files under FMSIC Meeting Notes, July 27, 2004, Bethesda, MD at: <http://info.inel.gov/fmsic/meetnots.htm>  
A determination needs to be made as to whether or not the VIPERS freeware can be used for inter contractor payments. *Held several conference calls and one on ones with various DOE field offices contractors. Formal guidance in the form of a memorandum from Jim Campbell is forthcoming in the near future directing the usage of the electronic invoicing.*



*Until STARS is implemented the three service centers will still have to receive invoices and contractors will have to submit multiple invoices.*

#### **Lee Elster**

- FMSIC Life Cycle Planning Working Group. See presentation file under FMSIC Meeting Notes, July 27, 2004, Bethesda, MD at: <http://info.inel.gov/fmsic/meetnots.htm>  
Part of the path forward for this group is to make a recommendation for the sake of consistency whether this should be funded by either direct or indirect. *The working group has not yet reconvened to make this determination. The four recommendations on the handout were reviewed. The FIRP ( Facility Infrastructure Reinvestment Program which includes specific funds that are set aside for NNSA sites) model from NNSA was initially discussed. This is based on a 10 year comprehensive site plan (TYCSP) and is used as a mechanism for submitting specific projects. FIRP currently is an initiative scheduled to expire at the end of 2010, and is funded with operational dollars with one up one down provisions. It was recognized that PSO buy-in is necessary if this were to be adopted on a DOE-wide basis.*

*It was decided that the working group will be directed by Lee to explore some variations options to the proposals and incorporate the points raised during this telecon. In terms of a ranked order it was noted that support for proposal number 1 is more likely than proposal number 3. The working group is also supposed to look into whether or not a reasonable basis exists in CAS that would allow retention or carryover of funds. Regarding items 2 & 4, incentives are in place at some sites and the \$10M threshold referenced in the presentation is currently being considered. Appropriate controls need to be in place to ensure that the funds are used in the way they are intended. Lee will ask the group to further examine the issues of indirect vs. direct and carryover and request that their findings be available 30 days from now. Jim H. will also offer some suggestions. It was emphasized that this is not contingency funding but costs specifically identified through engineering design for a facility.*

*Disclosure footnotes. This could eliminate or reduce the footnotes associated with this. The accounting needs to be worked out (i.e., the availability of Oracle Financials functionality) before this can be made a viable solution.*

#### **Jim Herring**

- FMSIC Charter. *Would like to permanently include an NNSA field representative on the FMSIC Charter. The NNSA field representative would constitute one of the 5 DOE slots, thus leaving the total membership unchanged at 15. Also wanted to add a sentence to the Charter specifying that each FMSIC member has one vote. The invitation of non-FMSIC members (both contractor and DOE) to the Council meetings was discussed. It was agreed*



*by the participants to proceed with this. Brian M. will issue a call to invite non-member personnel to the FMSIC meetings and then will compile a list of responses. From that list Jim H. and Brian M. will determine a schedule for those to be invited.*

**Brian Morishita**

- *FMSIC Clearinghouse FY-2005 Funding Request. For FY-2005 a request of \$18,000 from each contractor member was made. This is a \$5000 increase over FY-2004 and due to escalation. Those members participating in the telecon agreed and the other members would be polled. Also, some work planned by the FMSIC Clearinghouse for this fiscal year was postponed until next fiscal year to fund Cheryl Rademacher's travel from Bechtel NV to assist with the STARS Project. The deferred work is expected to fit within the requested \$180,000.*